GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4883
ANSWERED ON:31.03.2017
Dabba Trading Scam
Patole Shri Nanabhau Falgunrao

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has taken cognizance of Dabba Trading Scam committed by parallel share brokers in various States of the country causing a loss to the tune of two lakh thirty three crore rupees to exchequer;

(b) if so, the details thereof;

(c) whether the Government has taken any action against the guilty by conducting an inquiry into such a big scam; and

(d) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a), (b), (c) and (d): The Securities and Exchange Board of India (SEBI) has informed that it has not received a complaint regarding 'Dabba Trading Scam' committed by parallel share brokers in various States of the country which caused loss of two lakh thirty three crore rupees to the exchequer.

In this regard, it may be noted that the illegal trading activities are punishable under the provisions of the Indian Penal Code (IPC) in view of which the Government of India has, at various points of time, taken up this issue with the State Governments, since enforcement of the provisions of IPC vests with the State Governments/ Union Territories (UTs). SEBI has also, in the past, written letters to all State Governments in this regard requesting them to take penal action in cases of illegal or dabba trading.

The Government of India, vide letter dated 20th August, 2013 addressed to all the State Governments, has intimated that complaints regarding illegal trading received by SEBI would be forwarded to police authorities in the State/ UT concerned for further necessary action while SEBI would extend all necessary cooperation to the concerned State authorities. SEBI has informed that in accordance with the Government's decision, all complaints regarding illegal trading are forwarded to the Director General of Police (DGP) of the concerned State/ UT. In addition, SEBI has informed that under the provisions of the SEBI Act, 1992 and the Securities Contracts (Regulation) Act, 1956, SEBI also takes action in cases in which the police inform them of illegal trading activities by SEBI-registered intermediaries, which includes advising stock exchanges to undertake inspection of registered stock brokers, their branches and sub-brokers.

Further, SEBI has prepared a detailed 'Guidance Note' on illegal trading on the advice of the Ministry of Finance, which was circulated to all the State Governments and UTs vide the Ministry's letter dated 20th August, 2013. In this regard, SEBI has informed that it is also conducting training programs for police authorities of various States which include a special module on illegal trading.

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